



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
CARVEL STATE BUILDING
820 N. FRENCH STREET
WILMINGTON, DELAWARE 19801

DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 92-1

February 10, 1992

SUBJECT: Clarification of Technical Information Memorandum 91-5,
State Taxes Paid Modification to Itemized Deductions
Limited in the Case of Certain Deductions.

CODE SECTIONS AFFECTED: 30 Del.C. §§ 1109(a)(1)a. and b.

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Additional questions have arisen concerning the application of Technical Information Memorandum 91-5 in the case of federal itemized deductions susceptible of determination under the "80% limitation." The "80% limitation" provides that the reduction by high income taxpayers otherwise required under §68(a) of the Internal Revenue Code cannot exceed 80% of itemized deductions other than those claimed for medical expenses, investment interest, casualty and theft losses, and certain gambling losses. The number of cases in which itemized deductions are susceptible of determination according to the 80% limitation is expected to be relatively few.

The mathematic effect of the 80% limitation is in all cases to allow 100% of the deductions listed above. Since the listed deductions do not include state taxes, it follows that the Delaware itemized deductions, after reduction for state taxes paid under Technical Information Memorandum 91-5, should not be less than the deductions that are prevented from reduction under federal law.

Specifically, the application of this result is as follows.

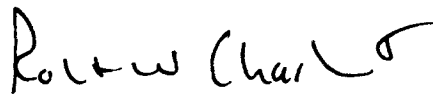
For Full Year Residents: The amount to be entered on Line C of the Full Year Resident Worksheet included as part of Technical Information Memorandum 91-5 shall not exceed the difference between lines 2 and 10 of the Itemized Deduction Worksheet on page 6 of the Instruction Booklet.

For Part Year Residents: The sum of lines 35 and 36 on the

back of the return shall not exceed the difference between lines 2 and 10 of the Itemized Deduction Worksheet on page 6 of the Instruction Booklet. Part Year residents should reduce first the amount calculated according to Technical Information Memorandum 91-5 for line 35 and, if necessary, for line 36 to the extent required to prevent exceeding this difference.

For Full Year Non-Residents: Line 35 on the back of the return shall equal the lesser of the amount calculated under Technical Information Memorandum 91-5 or the difference between lines 2 and 10 of the Itemized Deduction Worksheet on page 6 of the Instruction Booklet.

This Memorandum is intended to serve as the Division of Revenue's regulations with regard to its subject matter in accordance with 30 Del.C. § 354.

A handwritten signature in dark ink, appearing to read "Robert W. Chastant", with a stylized flourish at the end.

Robert W. Chastant
Director of Revenue